

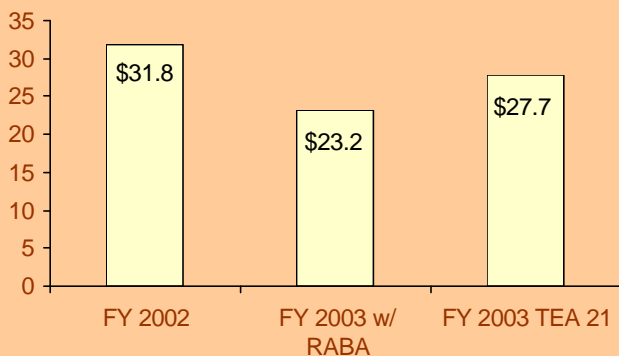
The Federal Flyer

Bills to Restore TEA 21 Highway Funding Filed *Proposals Gain House Majority; Senate Support Growing*

House and Senate transportation authorizers introduced two companion bills (HR 3694 and S 1917) on February 7, 2002 designed to ease the \$8.6 billion shortfall in highway transportation funding projected for FY 2003 by about half. The proposal by the leaders of the **House Transportation and Infrastructure Committee and the Senate Environment and Public Works Committee** will likely meet resistance from some appropriators, who argue that Congress forced its own hand by developing a complex highway financing adjustment formula under the 1998 Transportation Equity Act for the 21st Century (TEA 21).

The legislation would amend TEA 21 to read "the obligations for federal-aid highway and highway safety construction programs shall not be less than" \$27.746 billion for FY 2003. "This bill will restore billions of dollars to our states and municipalities to maintain our vital transportation needs," **Senate Environment and Public Works Committee Chairman James Jeffords** (I - Vermont) said in a statement. "We can't afford to backslide on our commitment to the traveling public and to the jobs that the transportation system supports." **Don Young** (R - Alaska), **the chairman of the House Transportation and Infrastructure Committee**, added that "the amount of funding we are seeking is a reasonable and achievable amount." And Transportation and Infrastructure Highways and Transit Subcommittee ranking member **Robert Borski** (D - Pennsylvania) stated that "this is enormously important for jobs. A billion dollars in highway spending is 40,000 jobs. We should be increasing the amount of money we spend on jobs, not taking it away."

Highway Obligation Levels
(Billions)



The two committees' bills call for FY 2003 highway funding to be restored to the obligation level called for under TEA 21 (\$27.7 billion) without subtracting the \$4.36 billion called for under TEA 21's Revenue Aligned Budget Authority (RABA) provision. To make up some of the shortfall over FY 2002, the bill would require taking \$4.36 billion from the balance in the Highway Trust Fund.

If the legislation is not amended, it is likely that the core federal highway program would receive \$23.2 billion in FY 2003, which is identical to President Bush's budget request. The budget request is about \$4.5 billion less than TEA 21's guaranteed levels because gas tax receipts guaranteed to be used for highway spending will fall \$4.369 billion below expectations. Bush's request is 27 percent or \$8.5 billion below the FY 2002 level.

Some appropriators may not be sympathetic, however.. They point out that one of TEA 21's primary authors, **former Pennsylvania Congressman and House Transportation and Infrastructure Chairman Bud Shuster**, had agreed to abide by the formula when the highway funding bill passed. "Should there be more revenue going into the trust fund, that money will be available to be spent,"

Shuster said at the time. "Should there be less revenue going into the trust fund, then we will have to reduce the expenditures. It is fair, it is equitable, and it is keeping faith with the American people." However, at a recent appropriations hearing, **Senate Transportation Appropriations Subcommittee Chairwoman Patty Murray** (D - Washington) said that while she had not seen the bill language, she was sympathetic to the authorizing committees' concerns about a highway funding cut. "We can't let that \$9 billion shortfall stand," she said.

The language in the legislation leaves open the possibility that more than \$4.5 billion will be restored. Committee members said they would start with the lower figure to try to gain broader support. "We're just saying, don't go below the level in the law,"

Environment and Public Works ranking member Bob Smith (R - New Hampshire) said. However, transportation lobbyists have pledged to continue to push for restoration of funding at the FY 2002 spending levels. "We commend the transportation committees for moving to mend the developing problem," said **Peter Loughlin**, the senior director for congressional relations for the **Associated General Contractors of America**. However, Loughlin is also urging the committee to alter the legislation so that it brings funding levels for FY 2003 back up to the \$31.8 billion level of FY 2002. AGC is seeking a bill "that would not allow jobs to be lost and would create the highest possible level for a reauthorization baseline," Loughlin said. "Legislation that would set a floor of

\$27.7 billion for FY 2003 is a step in the right direction, and we will support it," said **Joseph A. Manero**, public affairs manager for the American Road and Transportation Builders Association. "But in the process of seeking co-sponsors for this, we will be gauging support for maintaining the program at the current year level of \$31.8 billion," Manero added.

As of yesterday, the bill had garnered a majority of House members as co-sponsors, including ten members of the Texas Delegation. The Senate version had 24 Senators signed on in support of the measure. "The fact that this legislation has the widespread support of both Republicans and Democrats, and House and Senate leaders, should be a strong sign that we are extremely serious in our dedication to restoring the highway funding level to the amount mandated in TEA 21," Young said.

Flexibility in Exchange for Lost Funds? If the funds are not restored in Congress, some Texas transportation leaders may suggest a loosening of federal controls on highways in exchange. One idea being floated to provide states with expanded discretion in addressing their transportation responsibilities is to reimburse states for 100 percent of expenditures eligible for federal reimbursement to the extent that federal funding is reduced by the FY 2003 RABA distribution. Another concept is to allow states to use the dollar value of the reduction in funding as a credit in releasing a segment of independent utility of a federal-aid highway from being subject to federal requirements. The latter recommendation would allow that segment of highway to be made subject to tolls while releasing toll revenue from the requirement of being used in compliance with Title 23, United States Code. These recommendations would help advance the recently proposed Trans Texas Corridor.



The **Federal Flyer** is a publication of the TxDOT Legislative Affairs Office. It is intended to provide up-to-date information on major legislative activities in the 107th Congress for the management of the Texas Department of Transportation, state leaders, and others interested in Texas transportation issues. This report will also feature key activities in the national transportation community. Sources include news services and staff reports.

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